

Exhibit A

Bid Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:	§
	§ Chapter 11
SUPERIOR AIR PARTS, INC.	§
	§ Case No.
Debtor.	§
	§
	§
	§

BID PROCEDURES

These procedures (the “**Bid Procedures**”) describe the process by which Superior Air Parts, Inc., debtor and debtor-in-possession in the above-captioned chapter 11 case (“**Case**”) has been authorized to conduct a sale by public auction (the “**Auction**”) of substantially all of its assets (the “**Superior Assets**”). These bid procedures were approved by order (the “**Bid Procedures Order**”) ¹ of the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”), on or around _____, 2009.

On _____, 2009, at _____ (**CDT**), as further described below and in the Bid Procedures Order, the Bankruptcy Court shall conduct the Sale Hearing to approve the Sale to the Purchaser (defined below) or to one or more other Qualified Bidders (defined below) that the Debtor determined, in its reasonable discretion, to have made the highest and/or best offer for the Superior Assets.

A. The Asset Purchase Agreement

Subject to the Bankruptcy Court’s approval, the Debtor has agreed to sell the Superior Assets to the Purchaser for \$11,500,000.00 subject to adjustments to inventory after October 31, 2008 (the “**Purchase Price**”). The Purchaser and the Debtor have executed an Asset Purchase Agreement (“**APA**”) memorializing the terms of that sale. Upon execution of a confidentiality agreement in form and substance reasonably satisfactory to the Debtor, the Debtor will provide a copy of this executed APA no later than forty-eight hours prior to the Bid Deadline (defined below). This APA is subject to a higher and/or better offers and approval by this Bankruptcy Court.

¹ All capitalized terms not defined herein shall be given the meaning ascribed to them in the Bid Procedures Order.

B. Assets to be Sold.

If Qualified Bids (defined below) are received by the Debtor before the Bid Deadline, the Debtor will conduct the Auction for the sale of the Superior Assets to the bidder who submits the highest and/or best offer.

C. Qualified Bids

To be a Qualified Bid, an offer, solicitation or proposal (a "**Bid**") must:

- (i) be for cash and submitted in writing and received by (a) the Debtor; (b) counsel to the Debtor; and (c) counsel for the Purchaser at the below addresses no later than _____, 2009, at 4:00 p.m. (CDT) (the "**Bid Deadline**").²

DEBTOR

Attn: Mr. Kent Abercrombie
Superior Air Parts, Inc.
621 South Royal Lane, Suite 100
Coppell, Texas 75019
Fax: 972.829.4600

DEBTOR'S COUNSEL

Attn: Stephen A. Roberts
Strasburger & Price LLP
600 Congress, Suite 1600
Austin, TX 78701
Fax: 512.536.5723

PURCHASER'S COUNSEL

Attn: Deirdre B. Ruckman
Gardere Wynne Sewell LLP
1601 Elm Street, Suite 3000
Dallas, TX 75201-4761
Fax: 214.999.3250

- (ii) Assets: A Bid must (a) identify the assets to be purchased (b) identify the entity or entities bidding on the Superior Assets, (c) state the proposed purchase price, (d) allocate that purchase price among the respective Superior

² An official committee of unsecured creditors (the "**Committee**") has not yet been formed. If it is formed, and if it retains counsel, contact information for that counsel will be available of the Bankruptcy Court's website, which is <http://www.txnb.uscourts.gov/ECF>.

Asset(s) to be purchased, and (e) identify any executory contracts and unexpired leases to be assumed and rejected. A bid must be a “firm offer” and not contain any contingencies to the validity, effectiveness, or binding nature, including, without limitation, contingencies for financing, due diligence, or inspection.

- (iii) **Good-Faith Deposit:** Each Bid must be accompanied by a deposit (the “**Good Faith Deposit**”) in the form of cash or in other form of immediately available U.S. funds, in an amount equal to \$350,000. The Good Faith deposit shall be delivered to Debtor’s counsel, Stephen Roberts, to be held in the trust account of Strasburger & Price, pending the closing of the Sale or further order of the Bankruptcy Court. Wire instructions will be made available to such account upon request.
- (iv) **Minimum Overbid:** The consideration proposed by the Bid must be cash. The aggregate proposed purchase price must equal or exceed the sum of (a) \$11.5 million subject to no greater inventory adjustments to the purchase price than in the Stalking Horse bid; plus (b) \$500,000 (initial overbid amount); plus (c) \$350,000 (“**Break-Up Fee**” (defined below)).
- (v) **Same or Better Terms:** The Bid must be on terms that are, in the Debtor’s business judgment, the same or better than the terms in the APA. A Bid shall include a copy of the APA marked to show all changes requested by the Bidder.
- (vi) **Irrevocable:** Each Bid must be irrevocable until five (5) business days after the consummation or closing of the Sale approved by this Court in a final, nonappealable order.
- (vii) **Ability to Close:** Each Bid must be accompanied by evidence reasonably satisfactory to the Debtor demonstrating the Bidder’s financial ability to close no later than 3 business days after the Sale Order is entered.

- (viii) No Fees payable to Qualified Bidder: A Bid may not request or entitle the Qualified Bidder to any fee, expense reimbursement, or similar type of payment. Further, by submitting a Bid, a Bidder shall be deemed to waive its right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code or in any way related to the submission of its Bid or the Bid Procedures.

Any Bid submitted in accordance with the foregoing procedures shall be deemed a **“Qualified Bid.”** Each bidder submitting a Qualified Bid shall be deemed a **“Qualified Bidder.”** Avco Corporation is a Qualified Bidder.

D. Access to Information.

Any entity that desires to submit a Qualified Bid for the Superior Assets shall be permitted to conduct and complete reasonable due diligence prior to the Bid Deadline as set forth herein. Each entity seeking to submit a Bid shall, upon execution of a confidentiality agreement in the form provided by the Debtor, be provided due-diligence materials containing information about the Superior Assets.

E. Auction and Selection of Winning Bid.

Following expiration of the Bid Deadline, the Debtor will review all Qualified Bids and determine which Qualified Bid(s) represents the highest and/or best offer for the Superior Assets.

No later than two (2) business days before the Auction, the Debtor will notify all Qualified Bidders of the highest, best, and/or otherwise financially superior Qualified Bid, as determined in the Debtors' discretion (the **“Baseline Bid”**). The determination of which Qualified Bid constitutes the Baseline Bid shall take into account any factor that the Debtor reasonably deems relevant to the value of the Qualified Bid to the estate, including, among other things, the following, which may govern, but not control: (a) the amount and nature of the consideration; (b) the proposed assumption of any liabilities, if any; (c) the ability of the Qualified Bidder to close the proposed transaction; (d) the proposed closing date and the likelihood, extent, and impact of any potential delay in closing; (e) any purchase-price adjustments; (f) the impact of the contemplated transaction on any actual or potential litigation; (g) the net economic effect of any changes from the APA, if any, contemplated by the proposed transaction; and (h) the net after-tax consideration to be received by the Debtor (collectively, the **“Bid Assessment Criteria”**).

If a Qualified Bid is received in addition to the Bid of Avco Corporation, the Debtor will conduct the Auction on _____, 2009, at (CDT), or such other time and location as may be designated by the Debtor, to determine which Qualified Bid is the highest and/or best offer for the purchase of the Superior Assets.

Unless otherwise stated, the Auction will take place in the offices of Strasburger & Price, LLP, 901 Main Street, Suite 4400, Dallas, Texas 75202-3794. Unless otherwise announced by the Debtor at the commencement of the Auction, the following procedures shall govern the Auction:

- (i) The Debtor Shall Conduct the Auction. The Debtor and its professionals shall direct and preside over the Auction. At the start of the Auction, the Debtor shall describe the terms of the Baseline Bid and open the Auction for higher and/or better Bids. All Bids made thereafter shall be Overbids (as defined below), and shall be made and received on an open basis, with all material terms of each Bid fully disclosed to all other Qualified Bidders. The Debtor shall maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the Successful Bid.
- (ii) Participation at the Auction. Only a Qualified Bidder is eligible to participate at the Auction. Only the authorized representative of each Qualified Bidder shall be permitted to attend.
- (iii) Overbids. During the Auction, bidding shall begin with the Baseline Bid and subsequently continue in minimum increments of at least \$50,000, or such higher amount as may be determined by the Debtor during the Auction. Other than as set forth herein, the Debtor may conduct the Auction in the manner it determines will result in the highest, best, and/or otherwise financially superior offer for the Superior Assets.
- (iv) Additional Procedures. In its reasonable discretion and after consultation with all Qualified Bidders, the Debtor may adopt rules for the Auction at or prior to the Auction that, in its reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bid Procedures Order. All such rules will provide that all bids shall be made and received in one room, on an open basis, and

all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (i.e., the principals submitting the bid) shall be fully disclosed to all other Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction.

- (v) Closing the Auction: Upon conclusion of the bidding, the Auction shall be closed, and the Debtor shall (a) immediately review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the Sale process, including those factors affecting the speed and certainty of consummating the Sale, (b) identify the highest, best, and/or otherwise financially superior offer for the Superior Assets (the “**Successful Bid**”)³ and the entity submitting such Successful Bid (the “**Successful Bidder**”), which highest, best, and/or otherwise financially superior offer will provide the greatest amount of net value to the Debtor, (c) identify the next highest or otherwise best offer after the Successful Bid (the “**Back-Up Bid**”) and advise the entity submitting such Back-up Bid, provided, however, that no Qualified Bidder is required to be a Back-Up Bidder, and (d) announce to the participants the results of the Auction.

The Debtor reserves the right to reject, at any time before the Sale Hearing, any Bid or Qualified Bid that the Debtor determines is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or these Bid Procedures, or (iii) contrary to the best interests of the Debtor, its estate, and the creditors thereof.

IF THE DEBTOR DOES NOT RECEIVE A QUALIFIED BID BY THE BID DEADLINE, THE AUCTION WILL NOT BE HELD, AND THE DEBTOR WILL PROCEED AT THE SALE HEARING TO ASK THE BANKRUPTCY COURT TO APPROVE THE SALE OF THE SUPERIOR ASSETS TO THE PURCHASER.

F. Sale Hearing.

³ If no Auction is held, the Stalking Horse Bid shall be deemed the “Successful Bid” and Avco Corporation the “Successful Bidder.”

The Debtor will seek approval of the Successful Bid and Successful Back-Up Bid at a hearing (the **"Sale Hearing"**) before [insert court], on _____, **2009, at a time that is immediately following the conclusion of the Auction.** Any Qualified Bidder whose Qualified Bid is finally approved by the Bankruptcy Court and authorized to be consummated by the Debtor shall be referred to herein as a **"Buyer."**

G. Closing.

The Debtor and the Buyer shall use commercially reasonable efforts to consummate the Bankruptcy Court-approved transaction, including the payment of the purchase price in readily available funds, on or prior to _____, **2009** (the **"Closing"**). In connection with the Closing, the Buyer's Good Faith Deposit shall be applied by the Debtor against the cash portion of the purchase price to be paid by the Buyer at Closing.

H. Deposits.

All Good Faith Deposits received by the Debtor shall be maintained in a segregated account and be subject to the jurisdiction of the Bankruptcy Court. Within seven (7) business days after the Auction, the Debtor shall return the Good Faith Deposit of all Bidders other than the Successful Bidder and the Successful Back-Up Bidder without further order of the Bankruptcy Court.

Except as otherwise set forth below, within a reasonable time after the Closing, and without further order of the Bankruptcy Court, the Debtors shall return the Good Faith Deposit to each Qualified Bidder that is not the Buyer.

I. Buyer Default.

If any Buyer fails to close the purchase of the Superior Assets after approval of the Successful Bid by the Bankruptcy Court at the Sale Hearing, such Buyer's Good Faith Deposit shall be forfeited to and retained irrevocably by the Debtor, and the Debtor specifically reserves the right to seek all appropriate additional damages from any such Buyer.

J. Jurisdiction of Bankruptcy Court.

All Qualified Bidders are deemed to have submitted to the exclusive jurisdiction of the Bankruptcy Court with respect to all matters relating to the sale of the Superior Assets and the transactions contemplated thereby.

K. Break-Up Fee

The Debtor has agreed to pay the sum of \$350,000.00 (the **"Break-Up Fee"**) to the Purchaser only if (a) the Purchaser is not the Successful Bidder and (b) the proposed Sale closes. In no event shall the Purchaser be entitled to the Break-Up Fee if the Sale to the Purchaser occurs.

L. Non Break-Up Fee Costs and Expenses.

Each bidder (whether or not a Qualified Bidder) shall bear its own costs and expenses (including any legal or other professionals' fees and expenses) incurred in connection with its investigation and evaluation of the Superior Assets. The costs and expenses incurred by the Debtor will be borne by the Debtor and its estate.

Other than certain fees of Corporate Finance Partners, the Debtor will pay no other finder's fees, broker's fees, or commissions in connection with any transaction that may result hereby, and no other bidder shall be entitled to any fee, expense reimbursement, or similar type of payment, except as otherwise provided by Court Order. Further, by submitting a Bid, a bidder shall be deemed to waive its right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code or in any way related to the submission of its Bid or the Bid Procedures.

M. As-Is, Where-As Sale.

The sale of the Superior Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtor, its agents, or estate, except as otherwise agreed in writing. Each Qualified Bidder (as defined below) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Superior Assets prior to making its offer, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or the Superior Assets in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Superior Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or, (i) as to the Purchaser, the terms of the Sale shall be set forth in the APA, or (ii) as to another Successful Bidder, the terms of the Sale shall be set forth in the applicable asset purchase agreement.

N. Free Of Any And All Interests.

All of the Debtor's rights, title, and interest in and to the Superior Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against in accordance with 11 U.S.C. § 363, with such interests to attach to the net proceeds of the sale of the Superior Assets.

O. Reservation of Rights; Deadline Extensions.

In its reasonable business judgment, the Debtor reserves the right to (i) impose, at or prior to the Auction and after consultation with all Qualified Bidders, additional terms and conditions on the Sale of the Superior Assets consistent with the Bid Procedures Order; (ii) extend the deadlines set forth in the Bid Procedures; (iii) adjourn the Auction at the Auction; (iv) adjourn the Sale Hearing in open court without further

notice; (v) reject all Qualified Bids other than the Bid of Avco Corporation if no bid is, in the Debtor's reasonable business judgment for fair and adequate consideration.